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SENSITIVE

DEPT FOR AIT/W, EAP/TC, INR/EAP

FROM AIT KAOHSIUNG BRANCH OFFICE

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SUBJECT: SOUTHERN TAIWAN: KAOHSIUNG MAYOR STRUGGLES AMIDST THE DPP'S  
SAGGING FORTUNES

SENSITIVE BUT UNCLASSIFIED, PLEASE PROTECT ACCORDINGLY

11. (SBU) Summary: In a late-April meeting with PO, DPP Kaohsiung Mayor Chen Chu expressed her intent to welcome KMT President-elect Ma and his inaugural entourage to the city on May 20 but worried about blowback from her own deep-Green core constituency. Chen maintained that a biased media and the DPP's own missteps had led to the party's electoral demise but noted that the crushing defeat would at least force the DPP to undertake fundamental reform. She promoted Tsai Ying-wen's party chair candidacy over the traditional old guard bets, explaining that Tsai was the DPP's best hope to jump start the type of party modernization that would attract a new generation of DPP voters. Faced with an energized KMT-led City Council, Chen underscored her determination to maintain her current course in the city. Local DPP insiders worry, however, that Chen's health maladies and a dysfunctional local party will cripple the DPP's chances to hold on to this key mayoral seat in 2010. End Summary.

Back Home: Tough Times for Chen Chu

12. (SBU) PO on April 21 paid a courtesy call on Kaohsiung Mayor Chen Chu (DPP). Chen had just returned from a whirlwind Europe trade promotion tour, where she engaged audiences in London and Paris on local business opportunities and Taiwan identity questions. Still showing after-effects of a stroke suffered late last year, Chen returned to Kaohsiung to face a host of challenges, including a rambunctious KMT-led City Council, a listless economy, local DPP factional struggles and grass-roots opposition to several pet large-scale building projects.

13. (SBU) Since late November, when Chen finally beat back legal efforts to nullify her 2006 mayoral election, her political fortunes have been slipping. Although she devoted considerable time to the DPP's local campaign efforts, the KMT still captured three of five Kaohsiung seats in January 2008 Legislative Yuan (LY) elections, while Ma Ying-jeou unexpectedly beat former Kaohsiung mayor Frank Hsieh in the city in the March 2008 Presidential election. Ma scored new political points when he announced that his May 20 inauguration day dinner would take place in Kaohsiung. Chen intends to welcome Ma cordially to highlight the city, but some of her local DPP colleagues are grumbling that an unchallenged spotlight on Ma will further undercut the DPP's local standing.

Ma's Banquet: The Mayor's Difficult Political Balance

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14. (SBU) In her meeting with PO, Mayor Chen suggested that Ma's decision to hold his inauguration day dinner in Kaohsiung was politically motivated but acknowledged that the event would benefit the city. Aware that some deep-Green supporters planned to "welcome" Ma with noisy protests, Chen stated that citizens had the right to voice their discontent peacefully in a free society; she hoped, however, that the protests would not disrupt Ma's visit and tarnish the city's reputation.

15. (SBU) Chen commented that she was prepared to adjust to political life under a KMT central government. She applauded Ma's promises to boost southern Taiwan's economic development and signaled her intention to press Ma to fulfill his campaign pledges to the city. She hoped to put partisan differences aside with the ruling party in deference to the city's interests but pointed out that the political balance in her own City Council was combustible, with the KMT controlling about one third of the seats, the DPP holding another third, and independent parties with the rest.

Election Defeat: Time to Jump Start Party Reform

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16. (SBU) Lamenting Frank Hsieh's Presidential election defeat in his old Kaohsiung City constituency, Chen commented that pro-KMT media, DPP factional struggles, corruption scandals and a lagging economy were too much for Hsieh to overcome. The opening of Kaohsiung's metro system was positive overall for Hsieh's campaign, she explained, but it also reminded voters of metro-related corruption scandals during Hsieh's mayoral tenure. Hsieh's campaign seemed to rally somewhat in the final stages, but it lacked the passion of President Chen's 2000 and 2004 races.

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17. (SBU) Now the DPP was back to where it was eight years ago, she remarked, and would need to reassume its watchdog role to ensure that the KMT did not regress back into its old authoritarian habits. Furthermore, the DPP's electoral setback gave the party a chance to reform. Reflecting on reasons for the DPP's defeat, Chen suggested that the party first recast its media image. Second, it should take aggressive steps to cleanup party corruption. Third, it should re-focus party factions away from personalities and towards issues in order to encourage party leaders to put national interests over personal or factional interests.

Tsai as Chair: An Infusion of Young Blood

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18. (SBU) Chen commented that in the coming years, the DPP would have to regain the voters' trust in its ability to govern. An important part of this effort, she emphasized, was choosing the right Party chair. Several of the announced candidates were too old and extreme in their views and should step aside in favor of the younger generation. The ideal candidate, she said, was Tsai Ying-wen. Tsai was young, reform oriented, non-ideological, and even tempered. With Tsai as leader, the party could formulate more appealing policies and attract younger members.

19. (SBU) Noting that young voters had switched to the KMT in large numbers in the March 22 Presidential election, Chen acknowledged the DPP government's failure to connect with the younger generation. For young voters, she explained, allegations of DPP corruption put the DPP on a par with the KMT and made those voters forget that the KMT's past corruption was on a much larger scale. She applauded DPP acting Chairman Hsieh's effort to recruit younger party members, elaborating that younger members would help weed out "bad" factions and boost factions that held higher ideals.

City Governance: Need to Stay the Course

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110. (SBU) Asked how the DPP's electoral defeats and local voter

disenchantment with the DPP would affect her governing style, Chen replied that she would stick with her current course. The DPP's emphasis in Kaohsiung on urban beautification, environmental protection, cultural promotion, transportation improvements and careful economic development had distinguished it from the KMT. Although some traditional local industries had moved to China, she hoped her approach to city development would gradually lure some of them back. Central government support was essential. Contrasting successful science parks throughout northern Taiwan with Kaohsiung's less robust versions, Chen maintained that none of those northern Taiwan projects would have succeeded without strong central government backing.

¶11. (SBU) Chen decried KMT opposition to several of her key urban development projects, adding that some local KMT city councilors were only concerned about whether the projects would benefit their districts. For example, she stated, one KMT lawmaker blocked her plan to place a multi-million dollar "Pop-Music Center" in a harbor location already designated for redevelopment because it would not be located in his constituency. She also regretted KMT foot dragging on her proposal to build a light-rail system in the city to complement Kaohsiung's emerging subway network. If KMT city councilors continued to obstruct her plans, she would appeal directly to the central government and even make use of public referenda to break the impasse.

Comment

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¶12. (SBU) With the KMT energized in the city, Mayor Chen recognizes the need to step up efforts to help the DPP retain the Mayor's seat in 2010. However, personal health problems and a divided city government may limit her ability to reverse the DPP's losing streak in Kaohsiung. While some of Chen's closest advisors harbor hopes that Mayor Chen will try to vindicate her strife-torn 2006 victory with another run in 2010, most commentators believe that she will step aside in favor of a younger, more vigorous DPP candidate in the next election cycle. Our local DPP contacts have made no secret of the widespread anxiety and restlessness among the party's rank and file, and many of them have appealed directly to Chen to work harder to reinvigorate the city's DPP prospects. Absent this, they fear, a well-funded KMT mayoral candidate backed by a popular President may

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prove to be too tough for the DPP to beat in just two years' time.

CASTRO

YOUNG